

Discussion Paper
on
GOA Groundfish Rationalization Community Protection Options

NPFMC
September 18, 2003

In June, the Council reviewed a discussion paper provided by staff and made several recommendations to further clarify and refine the options applicable to community protection programs for the Gulf of Alaska. **The modified options are presented under Section 2.9 of the Council's motion on Gulf of Alaska Groundfish Rationalization Elements and Options (dated June 16, 2003).** Recall that the current suite of elements and options includes four proposed community protection options: (1) regionalization; (2) Community Fisheries Quota (CFQ) Program; (3) Community Purchase Program; and (4) Community Incentive Fisheries Trust (CIFT) Program.¹ There will be additional opportunities for the Council to further refine the proposed community protection programs as the analysis for Gulf Rationalization progresses during the next several meetings. **However, because of the complicated nature of the analysis, it will be important to identify as early as possible how the community programs will integrate with the general rationalization options. Without further clarification of the current alternatives and options, staff will be unable to provide much of the analysis necessary for a Council decision.**

This paper is organized into three brief sections: I) Integration of the community programs with the general rationalization alternatives, II) Specific questions on the community protection options, and III) Summary.

I. Integration of community programs with general rationalization alternatives

In the preliminary stage of the analysis, staff could follow an approach similar to that used in previous community programs.² This applies primarily to the CFQ Program and the Community Purchase Program, thus, the remainder of the discussion will focus on these two programs.³ The **Community Fisheries Quota (CFQ) Program**, which is most similar to the intent and structure of the existing Western Alaska Community Development Quota (CDQ) Program, could likewise be treated as a somewhat independent program from the overall Gulf Rationalization Program structure. While the program would take quota off the top of the annual TAC for each rationalized Gulf groundfish species, most program requirements would be separate and distinct from the Gulf rationalization preferred alternative to which all other fishery participants would be subject.

¹In June, the Council also clarified that it wants to retain the option for the community protection options to be additive (i.e., the Council could select one or more of the community programs as part of the preferred alternative).

²See **Attachment 1** for a comparison of community program elements within proposed and existing Council actions.

³The 'regionalization' option is not a community program per se, but is a regional (North-South) designation that would apply to all QS regardless of the holder. The details of the CIFT program will be addressed in a trailing amendment.

The **Community Purchase Program**, by contrast, is most similar to the halibut and sablefish community quota share purchase program (Gulf Amendment 66)⁴ that allows eligible community entities to purchase quota share on the open market. If staff generally followed the approach used in Amendment 66, preliminary analysis of the Community Purchase Program could assume that the restrictions included in the Gulf rationalization preferred alternative, to which individual harvesters are subject, would also apply to eligible communities purchasing harvest shares. As the analysis develops and more information is provided at subsequent meetings, the Council could decide to modify the rules and restrictions that apply to eligible communities receiving or purchasing quota share as appropriate.

While using the above approaches as a starting point seems appropriate in concept, staff is uncertain whether the details of these assumptions are consistent with the Council's desire for these programs. It is unclear in the current Council motion whether the CFQ Program is truly a stand-alone program, participants of which are not subject to any of the overall rationalization provisions proposed for individual harvesters. At the same time, it is unclear whether and how to apply all of the general rationalization options to the Community Purchase Program. Identifying how the community programs will integrate with the general rationalization options will help to place the proposed community programs in context for the public as well as streamline the existing alternatives for EIS analysis. Decisions on several general elements and options, and whether they will apply to the community protection programs, could also considerably reduce the time necessary to complete the analysis.

Several questions remain relative to the interaction between the elements and options for the individual holders of Gulf groundfish QS and those for the community programs. Without further clarification, it is not possible for staff to provide the Council with a comprehensive and meaningful analysis. For example:

Community Fisheries Quota (CFQ) Program

- Will community entities in the CFQ Program be allocated **bycatch species and PSC species**? The current motion only addresses target species (5% - 15% of annual TAC), and does not make explicit whether bycatch and PSC species (halibut) are included in the initial allocation to community entities (2.9.2.2).
- If **bycatch and PSC allocations** are awarded to community entities, on what basis would the shares be calculated? If not, how will bycatch be accounted for?
- Can a community entity **transfer** (sell) its CFQ shares? If so, what terms or harvest designations will apply to the shares once sold to an entity that does not represent a community?
- Will **harvest share designations** apply to harvest shares when they are held by community entities in the CFQ Program (2.3.2)?
- Will shares held by community entities be subject to **processor linkages** (3.1.1)? If so, how would the linkages initially be determined (i.e., there is no harvester history from which to establish the link).
- If **mandatory cooperatives** are established under the general program (4.1), would harvesters leasing shares from community entities also be required to be in a cooperative?

⁴GOA Amendment 66 was approved by the Council in June 2002 and is currently undergoing Secretarial review.

- Would community-held harvest shares be subject to **regionalization** (2.9.1)? If so, how would CFQ be regionally designated (i.e., there is no historical harvest by a community entity to establish the region in which processing occurred).

Community Purchase Program

- Can a community entity **transfer** (sell) its CFQ shares without restriction?
- Will **harvest share designations** apply to shares when held by community entities (2.3.2)? Upon transfer from a community to an individual holder, do original harvest designations apply?
- If harvest shares are purchased by a community entity, would the **processor linkage** transfer with the shares (3.1.1)?
- If **mandatory cooperatives** are established under the general program (4.1), would harvesters leasing shares from community entities also be required to be in a cooperative.
- Would community entities eligible to purchase harvest shares be subject to the same **use caps** as individual holders (2.3.3.7)?
- Would community-held harvest shares be subject to **regionalization** (2.9.1)?

II. Specific questions on community protection options

The general questions above address how the community programs fit in the context of the overall Gulf rationalization alternatives. **In addition, staff has identified three specific issues related to the proposed community protection options themselves, resolution of which would help facilitate preliminary analysis of the community protection programs. Council direction on the following issues and options is requested at this meeting.**

The first issue pertains to the eligibility criteria under the CFQ Program and the Community Purchase Program, the second concerns the need for including options which specify how to distribute CFQ among eligible communities, and the third relates to the options for leasing quota share under the CFQ Program.

Eligibility Criteria under the CFQ Program and Community Purchase Program

At the June meeting, the Council modified the eligibility criteria for both the CFQ Program and the Community Purchase Program (Section 2.9.2.2 and 2.9.3.2, respectively). Option 3 was added as one of several potential criteria to use to determine eligible communities:

- Option 3. Historic Participation in Groundfish Fisheries*
- Communities with residents having commercial permit and fishing activity as documented by CFEC in the last ten years (1993 - 2002)*
 - Communities determined by the State of Alaska to have met the customary and traditional use threshold for halibut*

While the title of Option 3 denotes historical participation in groundfish fisheries, the options (a) and (b) do not specifically pertain to groundfish fisheries. Staff is uncertain as to whether (a) should be interpreted to mean analyzing the number of communities with only groundfish commercial permit and fishing activity (as suggested by the title of Option 3), or whether all commercial permit and fishing activity should count toward community eligibility (as suggested by the specific wording of (a)).

A preliminary review of the 29 communities (see Attachment 2) that appear to meet the least restrictive population criterion⁵ and geographic criteria indicates that several of the potentially eligible Gulf communities do not have commercial groundfish permit and fishing activity in the past ten years, but do have documented permit activity in other commercial fisheries.⁶ The more restrictive interpretation of (a), in which only commercial groundfish fishing activity is considered, would potentially exclude ten communities if the Council selected (a) as the only measure of historical participation. However, if the Council chose a combination of (a) and (b) at final action, in which communities had to have groundfish landings or a C&T finding to qualify, then only 5 communities would potentially be excluded.

The potential impacts of selecting the various interpretations of (a) are provided to assist the Council in clarifying the intent of this option for staff prior to the analysis. Without clarification, the inconsistency between the title of the options and the criteria may cause confusion in the interpretation of the Council's intent for both the public and in the rulemaking process. **In sum, staff requests clarification as to whether (a) should be interpreted to include communities with only documented groundfish commercial permit and fishing activity, or all commercial permit and fishing activity.**

In addition, while (b) is understood to pertain only to those communities that have been determined to meet the customary and traditional (C&T) use criteria identified by the Council and applied by the State of Alaska, the Council noticed in its subsistence halibut action that additional communities seeking eligibility should pursue a C&T finding from either the Alaska Board of Fisheries or the Federal Subsistence Board. During the Joint Protocol Committee meeting this July, it was decided that the Alaska Board of Fisheries, Council, and U.S. Fish & Wildlife Service staffs will confer to identify a plan for the respective agencies to review such petitions and report to the Council at this (October 2003) meeting. Upon resolution of this issue, the Council may want to modify the language under Option 3(b) to account for potential appeals processes relative to halibut C&T findings. Depending on the outcome, the Council may want to insert the following italicized language under (b): "Communities determined by the State of Alaska *or other appropriate Federal body* to have met the customary and traditional use ~~threshold~~ *criteria* for halibut." Staff suggests changing the word "threshold" to "criteria" in order to make the option consistent with the subsistence halibut motion.

⁵The least restrictive population eligibility criterion is less than 7,500 (based on the 2000 U.S. census). The review of eligible communities also assumed that the communities must be without road connections to a larger community highway network and within 10 nm of the Gulf coast.

⁶Ten of the 29 communities have no documented commercial groundfish landings during 1993 - 2002: Akhiok, Aleneva, Cold Bay, Karluk, Kodiak Station, Nanwalek, Port Graham, Susitna, Tyonek, and Womens Bay. Of these 10 communities, 6 have documented fishing activity in other fisheries such as salmon, herring, crab, or halibut: Akhiok, Cold Bay, Karluk, Nanwalek, Port Graham, and Tyonek. Of these six communities, only one (Tyonek) does not also meet the customary and traditional (C&T) use threshold for halibut under (b).

Distribution of Quota under the CFQ Program

The second issue pertains to the need to include options under the CFQ Program (Section 2.9.2) to specify how CFQ will be distributed to the administrative entities representing eligible communities. The current suite of options under the CFQ Program identify the following: (1) criteria for eligible communities; (2) the type of administrative entity that can hold quota share on behalf of those eligible communities; (3) the scope of the overall allocation to the program (5% - 15%); and (4) program rules and restrictions relative to who may harvest CFQ, how revenues may be used, and reporting requirements. **There are currently no options which delineate a method by which to distribute CFQ among administrative entities.** In essence, should the CFQ Program be included in the Council's preferred alternative, it will need to recommend how to divide the percentage of the quota allocated to the program overall (5% - 15%) among participating community entities.

There are several ways that an allocation process could be established; the challenge is to develop one that is well suited to the goals of this particular program, the communities involved, and the scale of the fisheries at issue. In June, the Advisory Panel (AP) recommended including three specific options that were not ultimately recommended by the Council due to lack of time for sufficient discussion:

Allocation Basis

- Option 1. Competitive (as per BSAI CDQ Program)*
- Option 2. Equal distribution amongst qualifying communities*
- Option 3. Pro rata by population*

These provisions or substitute provisions must be developed by the Council for analysis of the CFQ program to proceed.

Note that under any proposed option to allocate quota in the CFQ Program, the quota would be allocated to the administrative entity or entities representing eligible communities. In order to receive benefits from the program, the community must not only be on the final Council list of eligible communities, it must also organize and qualify an administrative entity with NMFS to hold and manage shares consistent with the Council's preferred alternative. The number of communities the entity represents could directly affect the portion of the program quota allocated to each entity.

This section briefly discusses the above AP recommendations, from the perspective of the analytical approach that would be taken by staff. Staff does not have any recommendations regarding which options should be included in the analysis. **The purpose in addressing this issue is to have general options for allocating CFQ included in a preliminary analysis, with the understanding that the details of a distribution process must also be developed for analysis in the EIS.** The AP options were provided above as a starting point for discussion. Options specifying how to distribute quota are necessary, not only to establish a consistent method for distributing quota, but also to consider a mechanism by which a community entity's CFQ could be reduced or eliminated should the entity not comply with specific program requirements.

Option 1 proposes a competitive process similar to the Western Alaska CDQ Program in the BSAI. A fundamental component of the CDQ Program is the competitive allocation process, not only to establish a method for distributing CDQ, but also as the mechanism by which the CDQ groups' investments are kept within the bounds of the program's intent. The State of Alaska (CDQ Team) makes complicated, multi-criterion decisions in allocating quota to CDQ groups, in consultation with the Council and with final approval

by NMFS. As the CDQ groups are restricted in their investment activities, the allocation process provides an administrative structure by which to evaluate an entity's activities and monitor compliance with program requirements. Thus, in the CDQ Program, the allocation process acts as a means to reduce a CDQ group's allocation if its activities are not found to be consistent with the program's intent and associated regulations.

The current CDQ allocation process implemented by the State and NMFS is a fairly lengthy and intense administrative process, which may further increase in length due to pending inclusion of a formal appeals process necessary under the Administrative Procedure Act. Under the current CDQ regulations at 50 CFR 679.30, the State must:

1. Announce a CDQ application period as required by §679.30(a).
2. Hold a public hearing as required by §679.30(b) to obtain comments on the proposed Community Development Plans (CDPs) from all interested persons. The State must provide reasonable public notification of the hearing date and location. At the time of public notification of the hearing, the State must make available for public review all State materials pertinent to the hearing.
3. Consult with the Council before the State submits its recommendations about the proposed CDPs to NMFS, as required by §679.30(c). The State must make available, upon request by the Council, any proposed CDPs that are not part of the State's recommendations.
4. Transmit the proposed CDPs and its recommendations for approval of each of the proposed CDPs to NMFS, along with the findings and rationale for the recommendations, by October 15 of the year prior to the first year of the proposed CDP, as required by §679.30(d). In these findings, the State is required to determine that each proposed CDP meets all applicable requirements of 50 CFR 679.

Once NMFS receives the State's recommendations, NMFS must make determinations as to whether: (1) the proposed CDPs are consistent with the purpose and scope of the CDQ Program; (2) the communities represented by the CDPs meet the eligibility criteria; (3) the CDPs contain all of the information required; (4) the State has followed the application procedures, public hearing requirement, and the Council consultation requirement; and (5) the State provided NMFS with the findings and sufficient rationale for its CDP and allocation recommendations.⁷

The above information is provided to show the extent of the procedures associated with the CDQ Program's competitive allocation process, in order to better assess whether such an option should be included for analysis in the Gulf CFQ Program. The schedule of events that has occurred in past CDQ allocation cycles has generally taken nine months to complete, and inclusion of a formal appeals process may extend that timeframe by an estimated three months. As discussed previously in June, there may be largely varying levels of scope and anticipated revenues that exist between the CDQ Program and the proposed Gulf CFQ Program that may warrant a much higher level of government oversight and accountability in the CDQ Program than is necessary in the Gulf program.⁸ Thus, a competitive allocation process in the Gulf groundfish fisheries may prove overly

⁷These requirements are described in Federal regulations as follows: (1) 50 CFR 679.1(e); (2) 50 CFR 679.2; (3) 50 CFR 679.30(a) and 50 CFR 679.2; (4) 50 CFR 679.30(a)-(c); and (5) 50 CFR 679.30(d).

⁸The 2002 total revenues and royalties from the six CDQ groups combined is almost \$70 million and \$46 million, respectively (from the 4th Quarter 2002 reports, unaudited). By comparison, the value generated by all Gulf groundfish fisheries (excluding sablefish) in 2002 was less than \$80 million in ex-vessel revenues (SAFE report: Economic Status of the Groundfish Fisheries Off Alaska, 2002). Thus, the total ex-vessel revenues generated from 5% - 15% of the groundfish TACs (which is proposed to be allocated to the CFQ Program) could be roughly valued at \$4 - \$12 million. Note that communities would receive less than the ex-vessel values, however, as they would only receive the lease price from the quota.

costly and burdensome relative to the level of benefits generated from the allocations. Should this option be included in the suite of elements and options, these issues would be further explored in the analysis. Both the details of the allocation process and the criteria by which to evaluate competing community entities would need to be developed.

Option 2 and Option 3 propose simplified methods by which to distribute CFQ among eligible communities. Option 2 proposes equal distribution amongst qualifying communities, meaning that an administrative entity would receive an equal portion of the overall quota reserved for the program for each community it represents. Option 3 proposes to allocate CFQ based on the population of the communities each administrative entity represents. It is assumed that the approach under either option would be that CFQ would be divided only amongst eligible communities that met the requirements of the program in a given year. In effect, while the Council may approve a list of eligible communities at final action, it is possible that not all of those communities will organize and qualify an administrative entity with NMFS.

Options 2 and 3 propose a formula by which to allocate CFQ which is entirely objective. No competitive process or evaluation criteria would be required, and thus a much less burdensome administrative process would be necessary. Notwithstanding the inherent uncertainty regarding the number of eligible communities that would participate, as well as annual variation in the TACs, participating entities would have a fairly good understanding of the amount of quota that they would receive annually prior to the fishing year. The lack of subjectivity also means that each community would receive ‘equal’ treatment, despite various differences in size (under Option 2) or the way each community uses the allocations. The potential advantages and disadvantages of a non-competitive process, as well as issues concerning a mechanism by which a community entity’s CFQ could be reduced or eliminated should the entity not comply with specific program requirements, would be discussed in the analysis.

As previously stated, staff does not have any recommendations regarding which options should be included in the analysis. The purpose in providing a general description of this issue is to initiate some discussion as to whether the Council is prepared to recommend options for allocating CFQ at this time. Should the Council proceed with a CFQ Program, options for allocating CFQ among eligible communities will need to be analyzed prior to final action.

Regardless of the type of distribution method identified for analysis, additional details will also need to be developed (e.g., the number of years the allocations will be in place before they are re-evaluated or re-calculated; timing/process for consultation with the Council; evaluation criteria under a competitive process, etc.).

Leasing Quota Share under the CFQ Program

The current options for leasing quota under the CFQ Program are contained in Section 2.9.2.5:

2.9.2.5 Harvesting of Shares

- | | |
|------------------|----------------------------------------------------------------------------|
| <i>Option 1.</i> | <i>Limited to residents of eligible communities that own their vessels</i> |
| <i>Option 2.</i> | <i>Limited to residents of eligible communities</i> |
| <i>Option 3.</i> | <i>No limitations on who harvests shares</i> |
| <i>Option 4.</i> | <i>No offshore leases to CPs</i> |

This section refers to who is eligible to lease quota from community entities for harvest. On its face, this set of options seems appropriate for analysis. However, if the purpose is to refine and develop comprehensive EIS alternatives for analysis, it is possible that some options may be eliminated if they are not deemed practicable. At this point in the preliminary stages of analysis, staff notes that Option 1 and Option 2 may not be feasible options to consider for this program.

As proposed, the CFQ Program would allocate a specific percentage (5% - 15%) of each Gulf groundfish TAC to eligible Gulf of Alaska communities. The intent and structure of the CFQ Program is most similar to the existing CDQ Program, which receives 7.5% of most BSAI groundfish species and 10% of BSAI pollock. However, due to the smaller, area-specific TACs in the Gulf of Alaska, the CFQ Program would likely be a much smaller program in terms of the relative value of the allocations and the revenues generated from those allocations than the CDQ program (see footnote 8).

Depending on the criteria selected for determining community eligibility, up to 29 Gulf communities may be eligible for the CFQ Program ([Attachment 2](#)).⁹ The options for forming an administrative entity to hold and lease QS on behalf of eligible communities currently would allow an administrative entity to represent a minimum of two communities. While an administrative entity must represent more than one community, many of the resulting allocations could still be fairly small. For example, Western Gulf Pacific cod, one of the larger TACs in the Gulf, has a 2003 TAC of 15,450 mt. If 10% (1,545 mt) were allocated to the CFQ Program overall, each eligible community would average 53 mt.¹⁰ If two communities were represented by a single administrative entity and each community received an equal portion of the overall allocation, the cod allocation to that entity would be 106 mt. Some of the smaller TACs may equate to only a few metric tons of an individual species per eligible community. If shares are not distributed equally, some communities could receive substantially smaller allocations. Thus, while multiple communities may potentially organize under a single administrative entity, the allocations and resulting benefits associated with each represented community remain relatively small.

Due to the smaller nature of the TACs in the Gulf and the relatively small populations in many of the potentially eligible communities, it does not appear feasible to require that community entities only lease quota to community residents. If the intent is for communities to derive revenues from the allocations to support community development projects, it may be necessary to allow communities sufficient flexibility to lease quota to individuals that have their own harvest shares to use. Consolidation of community quota share on vessels that are already participating under the rationalization program may be one of the most effective means available to generate revenues for eligible communities. This would allow participants to disperse the fixed costs associated with harvesting the quota among those individuals that are already fishing. While some eligible communities may have residents that will receive individual harvest shares under the program, many of the smallest communities may not. In addition, communities with very low populations may have difficulty finding a local resident with the equipment or knowledge necessary to participate in these particular fisheries in a given year, thus, they may need the flexibility to lease quota to residents of other communities as warranted.

⁹This estimate is based on the following criteria for WG, CG, and WY communities: 1) population of fewer than 7,500; 2) no road connections to larger community highway network; 3) within 10 miles of the Gulf coast. No historic participation or government structure criteria was applied.

¹⁰By comparison, the CDQ Program receives 7.5% of the BSAI Pacific cod TAC, which equates to 15,563 mt in 2003 among the six CDQ groups.

In light of the relatively small allocations and resulting revenues that may be generated from the program, the administrative costs of participating may also be fairly significant. It will clearly benefit some communities to collaborate and organize under a single administrative entity, diluting an individual community's administrative costs of setting up and maintaining a non-profit entity. Even so, the administrative costs may rival the revenues some communities receive from the quota, providing rationale for allowing communities the flexibility to lease their quota to the highest royalty rate offered. In addition, communities with very low populations may have difficulty finding a local resident with the equipment or knowledge necessary to participate in these particular fisheries in a given year, thus, they may need the flexibility to lease quota to residents of other communities as warranted.

Eliminating Option 1 and Option 2 would by no means preclude a community entity from leasing quota share to the residents of the communities it represents – but it would allow the opportunity for communities to lease quota to whomever they choose. Note that the CDQ Program does not impose restrictions on who may lease quota from the CDQ groups,¹¹ but the groups are required to provide information about their business relationships to the State and Federal government. Should the Council feel comfortable with refining the options to this extent, staff recommends eliminating Option 1 and Option 2 under Section 2.9.2.5 for the purpose of creating more practicable EIS alternatives for analysis.

III. Summary

In sum, staff has identified several general questions with regard to the interaction between the overall rationalization alternatives and the proposed community protection programs. Without further clarification, staff will be unable to provide much of the analysis necessary for a Council decision. In addition, the following three specific issues are discussed:

- (1) clarify whether the historic participation criteria (Option 3 (a) in 2.9.2.2) proposed for the CFQ and Community Purchase Program should be interpreted to include communities with documented groundfish commercial permit and fishing activity only, or all commercial permit and fishing activity;
- (2) identify options to specify how CFQ is to be distributed among qualified administrative entities representing eligible communities; and
- (3) consider eliminating Option 1 and Option 2 under 2.9.2.5 which requires that community entities can only lease quota (CFQ) to community residents.

Attachment 1: Common elements of existing or proposed regulations governing community programs

Attachment 2: Draft list of eligible communities under the CFQ and Community Purchase criteria

¹¹Federal regulations at 50 CFR 679.30(a) state that any vessel or processor harvesting or processing CDQ or PSQ under a Community Development Plan must comply with all other requirements of the CDQ Program regulations. However, residency in a CDQ community is not a requirement for harvesting or processing CDQ.

Attachment 1: Common elements of existing or proposed regulations governing community programs

Program	Western Alaska CDQ Program	Gulf community QS purchase program	Crab Rationalization: Community purchase provision	GOA Rationalization: Community Fisheries Quota (CFQ)	GOA Rationalization: Community Purchase Program	GOA Rationalization: CIFTs
Status and Purpose	Existing program (implemented in 1994) is being revised per BSAI Am. 71. The CDQ Program is allocated a percentage of the BSAI TACs (CDQ reserves). Applies to all species except squid.	Approved by Council in April 2002 (GOA Am. 66); PR being drafted. Allows eligible GOA communities to purchase halibut and sablefish QS.	Approved by Council in April 2003. Would allow communities which have at least 3% of the initial PQS allocation of any BSAI crab fishery to purchase harvest shares.	Council is developing options for analysis. Would allocate a percentage of TAC to administrative entities representing eligible communities. Applies to species in preferred alt for Gulf Rationalization.	Council is developing options for analysis. Would allow eligible communities to purchase QS. Applies to species in preferred alt for Gulf Rationalization.	Council is developing options for analysis. Would allocate a percentage of the total QS issued to persons to a CIFT. The CIFT would redistribute to harvesters that meet contractual terms. Applies to species in preferred alt for Gulf Rationalization.
Allocation vs. right to purchase quota share	Allocation	Right to purchase	Right to purchase	Allocation	Right to purchase	Allocation
Program Elements						
1. Eligible communities. Specific eligibility criteria would be in regulation and could also be in the FMP or MSA.	Eligibility criteria in regulation and MSA. Regulations include the eligibility criteria and a list of eligible communities.	Eligibility criteria will be in regulation and FMP. Regulations will include list of specific communities that meet the eligibility criteria.	Eligibility criteria proposed (see above).	Eligibility criteria proposed.	Eligibility criteria proposed.	Individual community eligibility is not applicable.
2. Administrative entity. Communities must have a legal entity that represents them in a fishery allocation program. Most regulations apply to this entity.	"Qualified applicant" for CDQ allocations must be: a local fishermen's organization or economic development organization incorporated under State or Federal law. The BOD must be at least 75% resident fishermen and each community must have at least one representative board member. A CDQ group is a qualified applicant with an approved CDP.	Requires formation of a new non-profit entity to represent communities.	In CDQ communities, the CDQ groups are eligible to purchase shares. For non-CDQ communities, each community must identify an entity permitted to purchase shares on its behalf.	Includes proposed options for an administrative entity: Gulf-wide, regional, or on a multi-community basis. There is also an option which would require the administrative entity to be a non-profit.	An option has been proposed to require that the administrative entity is a non-profit entity qualified by NMFS.	Includes options for CIFT designation (as the administrative entity): Gulf-wide, regional, or CP-based.
3. Qualification of administrative entity. NMFS must qualify or certify an administrative entity prior to it receiving or purchasing QS.	A qualified applicant may apply for CDQ allocations by submitting a proposed CDP to the State during the CDQ application period. NMFS reviews the CDPs and approves those that it determines meet all applicable requirements. The applicant must also provide a letter of support from its member communities.	Requires submission of a detailed statement of eligibility to NMFS and the State prior to being considered eligible to purchase QS on behalf of a community. The State may comment on the statement of eligibility but does not have a formal role. The required elements of the eligibility statement will be in regulation.	No new qualification process is necessary for CDQ communities. For non-CDQ communities, regulations will require submission of information to NMFS similar to the Gulf community QS purchase program.	Includes options to require submission of a detailed statement of eligibility to NMFS and the State prior to being considered eligible to receive QS on behalf of a community. The State may comment on the statement of eligibility but does not have a formal role. The required elements of the eligibility statement would be in regulation.	Includes options to require submission of a detailed statement of eligibility to NMFS and the State prior to being considered eligible to purchase QS on behalf of a community. The State may comment on the statement of eligibility but does not have a formal role. The required elements of the eligibility statement would be in regulation.	This element would likely be included in the issues deferred to a trailing amendment.
4. Administrative Oversight. Entities representing communities must submit information to NMFS.	The CDQ group must submit a community development plan, amendments to the plan, annual audited financial statements, annual budget report, and annual budget reconciliation report to NMFS and the State. The main role for NMFS is to determine whether the report is submitted, contains the required information, and is consistent with the goals of the program. The State has the primary role in daily administrative oversight.	Requires an annual report to be submitted to NMFS, detailing the use of QS and IFQ by the community QS holder and community residents. The required elements of the report will be outlined in regulation.	For CDQ communities, the existing CDQ regulations and oversight would apply. For non CDQ communities, the administrative entity would be required to submit an annual report and meet performance standards similar to the Gulf community QS purchase program.	Includes an option to require an annual report be submitted to NMFS, detailing the use of QS by the administrative entity. The required elements of the report would be outlined in regulation.	Includes an option to require an annual report be submitted to NMFS, detailing the use of QS by the administrative entity. The required elements of the report would be outlined in regulation.	This element would likely be included in the issues deferred to a trailing amendment.

Program	CDQ Program	Gulf community QS purchase program	Crab Rationalization: Community purchase provision	GOA Rationalization: Community Fisheries Quota (CFQ)	GOA Rationalization: Community Purchase Program	GOA Rationalization: CFTs
5. Ownership and transfer restrictions. Regulations may govern the ownership and transfer of quota between communities and other QS holders in a program.	Federal regulations exist to govern the transfer of quota among CDQ groups. No quota transfer is allowed outside the CDQ Program.	Includes restrictions on the type and number of 'blocked' shares and the category of QS communities may purchase. Some provisions are similar to those that apply to individual QS holders. New features include the requirement to lease IFQs only to residents of the owner community and restrictions on the allowable reasons for a community to sell its QS.	No ownership or transfer restrictions apply specific to community held harvest shares.	Includes options to limit the leasing of IFQs to residents of eligible communities or residents of eligible communities that own their own vessels. Also includes option to prohibit offshore leases to catcher processors.	No options for ownership or transfer restrictions have been proposed.	This element would likely be included in the issues deferred to a trailing amendment.
6. Use of revenues. Regulations may govern permissible activities or expenditures by a community entity.	CDQ groups must invest primarily in fisheries-related projects, but a smaller portion of their revenues may be spent on financial instruments, education, charities, training, and administrative expenses. The CDQ allocation process has been the primary mechanism to enforce this provision. The regulations are currently being revised to allow for some level of non-fisheries related investments.	No restrictions on the use of revenues generated from leasing the IFQs, but there are requirements that limit the reasons why a community entity may sell QS (see above).	No restrictions on the use of revenues generated from leasing the IFQs or the sale of harvest shares apply. The CDQ Program rules would continue to apply to CDQ groups.	Includes options to limit the use of revenues to fisheries related activities, education, government functions, and/or social and capital projects.	No options have been proposed to limit the use of revenues or restrict the sale of QS held by communities.	This element would likely be included in the issues deferred to a trailing amendment.
7. Use caps or allocation limits. Regulations may limit the amount of QS allocated to a community program or purchased by a community entity.	The CDQ Program is allocated 10% of pollock, 7.5% of crab and all other groundfish species, 20% of sablefish, and 20 - 100% of the halibut TACs in the BSAI. Portions of the CDQ and PSQ reserves for each subarea are allocated to CDQ groups in accordance with approved CDPs. NMFS can allocate no more than 33% of the total CDQ for all subareas and districts combined to any one CDQ group.	Individual communities are limited to the same use caps as individual QS holders in the IFQ Program. In addition, all participating communities are cumulatively limited to 3% of the halibut QS and 3% of the sablefish QS in each Gulf area, in each of the first 7 years of the program (21% total by area).	Individual communities will be held to the same use caps as individual harvest share holders in the crab rationalization program.	Includes options to limit harvester QS allocated to communities to 5 - 15% of the annual quota share pool.	No options have been proposed to limit the shares purchased by communities. If no options were proposed, it is assumed that individual communities would be subject to the same use cap as individual QS holders, if applicable.	Includes options to reserve 10 - 30% of the total harvest shares for CIFT associations.

Note: Right of first refusal provisions are not included in the above comparison of community programs. The crab rationalization program allows CDQ groups or community groups representing qualified communities a first right of refusal to purchase processing shares (based on history from the community) which are being proposed to be sold for processing outside the boundaries of the community of original processing history. The Gulf rationalization program has proposed a similar option for Gulf communities, based on the provisions of the crab rationalization program.

Note: The table also identifies elements for which no options have been proposed, in order to highlight such elements for the Council in the event it would like to include options. This does not mean to imply that options for those elements must be included in that program.

Draft list of WG, CG, and WY communities (Census Designated Places) that meet the following criteria: 1) population¹ of fewer than 7,500; 2) no road connections to larger community highway network; and 3) within 10 nm of the Gulf coast

	NAME	CLASS	POP	AREA
1	Akhiok	Second Class City	80	CG
2	Aleneva	Unincorporated	68	CG
3	Chenega Bay	Unincorporated	86	CG
4	Chignik	Second Class City	79	CG
5	Chignik Lagoon	Unincorporated	103	CG
6	Chignik Lake	Unincorporated	145	CG
7	Chiniak	Unincorporated	50	CG
8	Cold Bay	Second Class City	88	WG
9	Cordova ²	Home Rule City	2,454	WY
10	Halibut Cove	Unincorporated	35	CG
11	Ivanof Bay	Unincorporated	22	WG
12	Karluk	Unincorporated	27	CG
13	King Cove	First Class City	792	WG
14	Kodiak	Home Rule City	6,334	CG
15	Kodiak Station	Unincorporated	1,840	CG
16	Larsen Bay	Second Class City	115	CG
17	Nanwalek	Unincorporated	177	CG
18	Old Harbor	Second Class City	237	CG
19	Ouzinkie	Second Class City	225	CG
20	Perryville	Unincorporated	107	WG
21	Port Graham	Unincorporated	171	CG
22	Port Lions	Second Class City	256	CG
23	Sand Point	First Class City	952	WG
24	Seldovia	First Class City	286	CG
25	Susitna	Unincorporated	37	CG
26	Tatitlek ²	Unincorporated	107	WY
27	Tyonek	Unincorporated	193	CG
28	Womens Bay	Unincorporated	690	CG
29	Yakutat ³	First Class City	680	WY/SEO

Note: Staff is aware that some communities listed may be contiguous to a larger eligible community (e.g., communities on Kodiak Island). The analysis will consider whether these communities should not be considered eligible communities to receive an allocation of CFQ but whose residents may be considered eligible to lease IFQs from the larger eligible community.

¹Population is based on the 2000 U.S. Census.

²Cordova and Tatitlek are considered located in the West Yakutat area. Though located within PWS (Area 649), these communities are inside the longitudinal line used to designate the WY (Area 640) and CG (Area 630) boundary.

³Yakutat is located on the boundary of WY and SEO, but is technically located within SEO (Gulf Area 650). Staff has included Yakutat in this list based on the Council's expressed preference to include Yakutat in community options for the Gulf rationalization program.